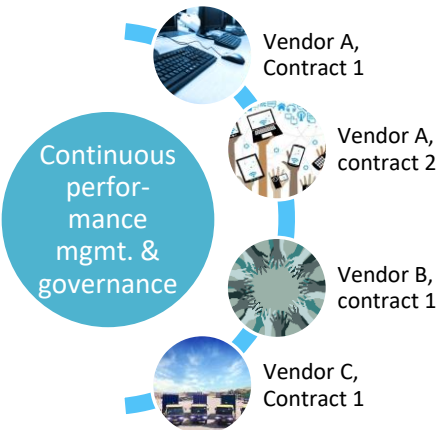
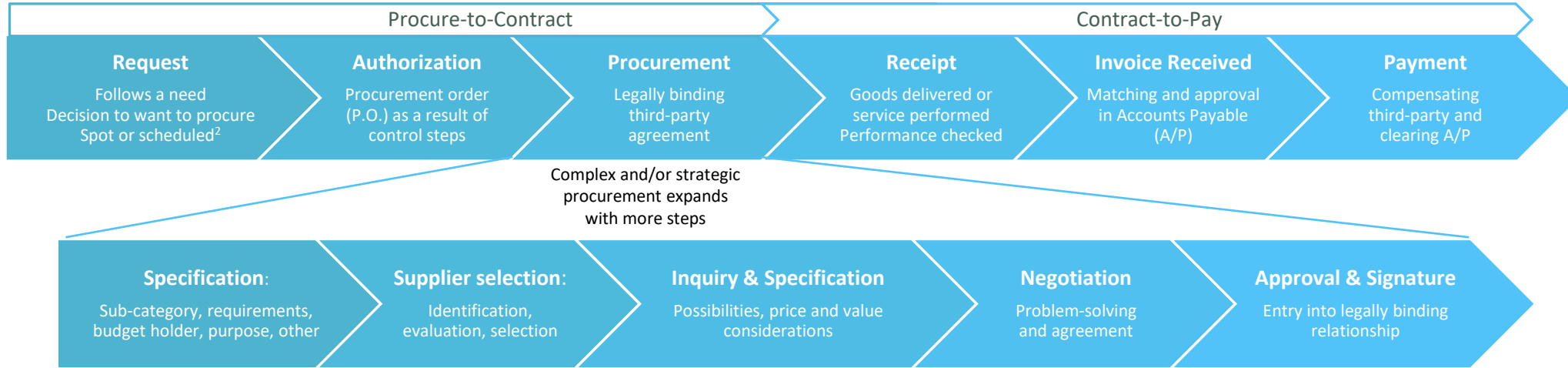
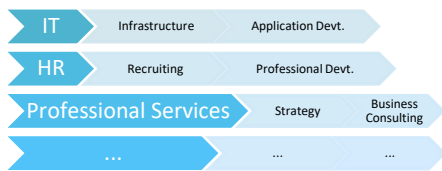


Procure-to-Pay (P2P) for indirect¹ materials

Category Strategies



Success Factors:

- Everything (bought) belongs to a procurement **category**. Each category has a procurement **strategy**. The less strategic and/or complex the category, the more choices are limited and the process streamlined.
- Procuring **roles** are defined, filled and lived. Role holders are informed of all third-party business involved.
- **Vendor qualification** is a separate process, with separate authorization and governance. The **supplier strategy** links to category strategies.
- **Processes** and **systems** exist, and link to **finance**. Procurement processes are not complex, but are not so intuitive that they “encourage” casual buying; category strategies are known and enforced appropriately, e.g. with reporting on preferred suppliers and standardized consulting roles.

Common Difficulties:

- Rendering procurement processes clear can be hard. That is also true for keeping the workflow working in a timely and correct way, which includes managing roles, access (and authorizations), skills and changes in organizational structure. Focus on the operative use of procurement helps.
- Controls are needed. «No P.O., no pay» is a good policy, if a business can cope with the initial disruption associated with its implementation. Certain process overrides may be desirable, and certain process stops as well. Process overrides should be visible, well communicated, and governed.

1. Direct material procurement is linked with manufacturing systems and Materials Requirements Planning (MRP)

2. Some categories fall under operational procurement, where needs can be called as per standard process, rather than invoking a formal spot P2P process



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